

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 2024 – HB 2161

February 21, 2018

**SUMMARY OF ORIGINAL BILL:** Extends, from FY17-18 to FY23-24, the allocation of certain funds received by the state from the Tennessee Valley Authority (TVA) payment in lieu of taxes (PILOT) to the Four Lake Regional Industrial Development Board Authority (FLDA).

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – To the extent remaining funds are available, eligible TVA payments in lieu of taxes (PILOT) received by the state will continue to be paid to FLDA through FY23-24. The annual PILOT to the Four Lake Regional Industrial Development Authority has averaged \$869,324 per year over the last three-year period.

**SUMMARY OF AMENDMENT (012967):** Deletes and replaces all language after the enacting clause such that the substantive change is to replace references to any regional developmental authority with the Tennessee Central Economic Authority (TCEA).

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Other Fiscal Impact – To the extent remaining funds are available, eligible TVA payments in lieu of taxes (PILOT) received by the state will continue to be paid to the Tennessee Central Economic Authority (TCEA) through FY23-24. The annual PILOT to the TCEA has averaged \$869,324 per year over the last three-year period.

Assumptions for the bill as amended:

- Public Chapter 909 of 2016 renamed the Four Lake Regional Industrial Development Board Authority (FLDA) the TCEA.
- Pursuant to Tenn. Code Ann. § 67-9-101(a)(3), TVA PILOT above the amount of payments received in FY77-78 are apportioned as follows: 48.5 percent to the state, 48.5

SB 2024 – HB 2161

percent to counties and municipalities, and three percent to local governing areas experiencing TVA construction activities on facilities to produce electric power.

- Under current law, pursuant to Tenn. Code Ann. § 67-9-102(b)(3)(D), any remaining funds under Tenn. Code Ann. § 67-9-101(a)(3) not allocated to counties and municipalities, the University of Tennessee, or the Tennessee Advisory Commission on Intergovernmental Relations, will be allocated to the TCEA through FY17-18, provided that outlined provisions are met.
- This legislation extends the allocation of any remaining PILOT to the TCEA to FY23-24.
- Based on information provided by the Department of Revenue, the three-year annual average of such funds paid by the state to the TCEA (previously the FLDA) is \$869,324.

### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/amj